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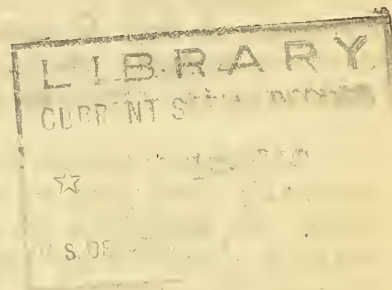
THE Marketing and Transportation SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

MTS-16

BAE

DECEMBER 1943



SUMMARY

Marketing margins and charges

The farm-retail marketing margin showed no change from mid-October to mid-November. It remained 14 percent below the high level of May 1943. The cost to consumers of a food basket representing average purchases by a typical working-class family, and payments to farmers for equivalent produce, remained at October levels. Indicated total marketing charges for November were 8 percent below the May level--owing chiefly to lower charges for the fresh fruit and vegetable group.

Current developments

Record 1943 livestock production is straining marketing, storage, and transportation facilities. Embargoes have been found necessary at scattered hog markets. To alleviate the generally tight storage and transportation situation, some cooler warehouses have been converted to freezer temperatures and some new freight cars will be constructed in 1944.

--December 28, 1943

cover a portion of their costs and charges, permitting them to purchase at higher prices or to sell at lower prices, and thus enable increased returns for greater production without breaking the retail price ceiling. If the marketing charge for those functions remains unchanged, the price spread decreases by the amount of the Government payment. On the other hand, subsidies paid direct to producers to cover increased production costs do not reach middlemen, and do not affect the validity of the marketing margin as a measure of marketing charges. A substantial proportion of the subsidy payments now in effect is of this latter type.

Annual charges for marketing the family food basket of \$184 in mid-November represent a decline of \$30 from the high point of \$214 in May. About two-thirds of this decline occurred in charges for marketing the group of fresh fruits and vegetables and one-third occurred in the meat products group, with the total margin for all other products showing no appreciable change. Government payments to middlemen on the quantities of farm food products included in the family food basket amounted to about \$13.50 in November, and should increase to near \$15 with the inclusion of a payment on wheat and flour beginning December 1. The marketing margin for meat products declined from May to November by more than the amount of the Government payments, representing a net decline in marketing charges. Apparently, payments made on other products have not been 100 percent effective in reducing marketing margins, or have been offset by higher margins for products on which no payments were made.

Sweetpotato margin shows greatest increase, apple margin greatest decrease, from October to November

Declines in marketing margin from October to November amounted to 13 percent for apples, 12 percent for peanut butter, (coinciding with a subsidy of 4.5 cents per pound beginning November 1) 9 percent for oranges, and 8 percent for eggs, with smaller declines for white potatoes, dairy products, rice, wheat cereal, rolled oats, macaroni, and rye bread. Margin increases amounted to 21 percent for sweetpotatoes, 5 percent for rice, 3 percent for corn meal, and a slight increase for soda crackers and hens.

Table 1.- Annual family purchases of 58 foods 1/

Year and month	: Cost at retail :		Paid to farmers :		Marketing margin :		Farmer's
	:Percent- :		:Percent- :		:Percent- :		share
	:Dollars: age of :		:Dollars: age of :		:Dollars: age of :		of
	: 1935-39 :		: 1935-39:		: 1935-39:		retail
	: average :		: average :		: average :		value
							Percent
1913-15 average	236	71	135	96	121	63	53
1920.....	514	155	272	193	242	127	53
1929.....	415	125	195	138	220	115	47
1935-39 average	332	100	141	100	191	100	42
1940.....	314	95	132	94	182	95	42
1941.....	342	103	164	116	178	93	48
1942.....	398	120	209	148	189	99	53
1942 - Nov.	418	126	227	161	191	100	54
Dec.	423	127	234	166	189	99	55
1943 - Jan.	430	130	241	171	189	99	56
Feb.	432	130	246	174	186	97	57
Mar.	448	135	257	182	191	100	57
Apr.	462	139	261	185	201	105	56
May	475	143	261	185	214	112	55
June	470	142	260	184	210	110	55
July.....	451	136	255	181	196	103	57
Aug.	440	133	255	181	185	97	58
Sept.	438	132	255	181	183	96	58
Oct.	440	133	256	182	184	96	58
Nov.	440	133	256	182	184	96	58

1/ Important food products produced by American farmers combined in quantities representing annual purchases by a typical workingman's family. Retail price average for 56 cities from U. S. Bureau of Labor Statistics.

Table 2.- Food cost and expenditures compared with total income per person, United States average 1/

Year and month	Total income	Total consumer goods and services	Actual	Food expenditures		Cost to consumer of fixed quantities of foods representing average annual consumption per person, 1935-39		
				As percentage of		Actual	Total ex- penditures for goods & services	Pct.
				Total income	Total turies for goods and services			
Dolls.	Dolls.	Dolls.	Pct.	Pct.	Dolls.	Pct.	Pct.	
1935-39 average:	520	456	113	22	25	113	22	25
1941	692	560	140	20	25	120	17	21
1942.....	857	612	176	21	29	143	17	23
Annual rates by months, seasonally adjusted								
1943 - Jan.....	973	660	196	20	30	155	16	23
Apr.....	1,023	668	193	19	29	166	16	25
July....	1,048	709	217	21	31	164	16	23
Aug.....	1,059	697	207	20	30	162	15	23
Sept. 2/1,058	2/673	204	19	30	162	15	24	
Oct. 3/1,072	3/707	3/217	20	31	3/163	15	23	

1/ See notes in original table p.3, Apr-May issue. 2/ Revised. 3/ Preliminary.

Table 3.- Price spreads between the farmer and the consumer - food products, November 1943

Retail commodity	Table No. 1/	Retail		Farm equivalent		Farm value	
		Unit	Price	Quantity	Value	Actual margin	as percent- age of re- tail price
			Cents		Cents	Cents	Percent
Pork products	11	1 lb. prin. pork products	29.0	1.90 lb. live hog	24.5	4.5	84
Dairy products	12	100 lb. milk equivalent	426.1	100 lb. milk equivalent	2/266.9	159.2	63
Hens	13	1 lb.	44.0	1.11 lb.	27.0	17.0	61
Eggs	14	1 doz.	67.4	1 doz.	47.1	20.3	70
White flour	15	1 lb.	6.3	1.41 lb. wheat	3.2	3.1	51
White bread	16	1 lb.	8.8	.97 lb. wheat	2.2	6.6	25
Corn meal	17	1 lb.	5.9	1.5 lb. corn	2.8	3.1	47
Rolled oats	18	1 lb.	8.7	1.78 lb. oats	4.2	4.5	48
Corn flakes	19	8-oz. pkg.	6.6	1.275 lb. corn	2.4	4.2	36
Wheat cereal	20	28-oz. pkg.	23.3	2.065 lb. wheat	4.7	18.6	20
Rice	21	1 lb.	12.8	1.51 lb. rough rice	6.1	6.7	48
Navy beans	22	1 lb.	10.5	1 lb. dry beans	6.1	4.4	58
Oranges	24	1 doz.	45.7	1/17 box	14.6	31.1	32
Potatoes	25	1 lb.	4.1	1 lb.	2.2	1.9	54
Apples	35	1 lb.	10.2	1 lb.	4.7	5.5	46
Lamb products	37	1 lb. prin. lamb cuts	35.7	2.16 lb. live lamb	25.7	10.0	72
Sweetpotatoes	38	1 lb.	8.9	1 lb.	3.2	5.7	36
Rye bread	39	1 lb.	9.6	.39 lb. rye and .64 lb. wheat	2.2	7.4	23
Whole wh. bread	40	1 lb.	10.2	.92 lb. wheat	2.1	8.1	21
Macaroni	41	1 lb.	15.6	1.72 lb. durum wh.	3.7	11.9	24
Soda crackers	42	1 lb.	18.7	1.085 lb. wheat	2.5	16.2	13
Peanut butter	44	1 lb.	31.0	1.73 lb. peanuts	12.3	18.7	40
58 foods combined	8	Annual family consumption	\$440	Annual family consumption	2/\$256	\$184	58

1/ Table numbers refer to numbering in original 1936 report and annual supplements entitled "Price Spreads Between the Farmer and the Consumer".

2/ Preliminary

Retail prices from the United States Bureau of Labor Statistics.

Table 4.-- Price spreads between the farmer and the consumer -- food products, retail price and farm value, November 1943

Commodity	Retail unit	Retail price		Percentage		Farm value		Percentage						
		: Nov.: Oct. average: 1942 : 1943 : 1942 : 1943	: Nov.: Oct. average: 1942 : 1943 : 1942 : 1943	: change to from - : 1942 : 1943	: change to from - : 1942 : 1943	: Nov.: Oct. average: 1942 : 1943 : 1942 : 1943	: Nov.: Oct. average: 1942 : 1943 : 1942 : 1943	: change to from - : 1942 : 1943	: change to from - : 1942 : 1943					
		Cents	Cents	Cents	Percent	Cents	Percent	Cents	Percent					
Pork products	1 lb. prin. pork products	25.3	30.3	29.0	29.0.	- 4	0	1.90 lb. live hog	15.7	25.5	26.6	24.5	- 4	- 8
Dairy products	100 lb. milk equivalent	324.0	427.8	425.1	426.1	3/	3/	100 lb. milk equivalent	146.0	241.12/263.12/266.9	+ 11	+ 1		
Hens	1 lb.	31.7	42.7	44.1	44.0	+ 3	3/	1.11 lb.	16.5	21.8	27.3	27.0	+ 24	- 1
Eggs	1 doz.	36.C	59.0	67.2	67.4	+ 14	3/	1 doz.	21.7	38.9	45.2	47.1	+ 21	+ 4
White flour	1 lb.	4.5	5.5	6.3	6.3	+ 15	0	1.41 lb. wheat	2.0	2.5	3.2	3.2	+ 28	0
White bread	1 lb.	8.2	8.6	8.8	8.8	+ 2	0	0.97 lb. wheat	1.3	1.7	2.2	2.2	+ 29	0
Corn meal	1 lb.	5.0	5.1	5.9	5.9	+ 16	0	1.5 lb. corn	1.8	2.0	2.9	2.8	+ 40	- 3
Rolled oats	1 lb.	7.4	8.8	8.7	8.7	- 1	0	1.78 lb. oats	1.9	2.5	4.1	4.2	+ 68	+ 2
Corn flakes	8-oz. pkg.	7.8	7.0	6.6	6.6	- 6	0	1.275 lb. corn	1.6	1.7	2.4	2.4	+ 41	0
Wheat cereal	28-oz. pkg.	24.3	24.1	23.4	23.3	- 3	3/	2.065 lb. wheat	2.9	3.6	4.6	4.7	+ 31	+ 2
Rice	1 lb.	8.2	12.6	12.7	12.8	+ 2	+ 1	1.51 lb. rough rice	2.5	4.9	5.7	6.1	+ 24	+ 7
Navy beans	1 lb.	6.9	9.2	10.3	10.5	+ 14	+ 2	1 lb. dry beans	3.5	5.1	6.1	6.1	+ 20	0
Oranges	1 doz.	31.5	45.0	51.8	45.7	+ 2	- 12	1/17 box	9.3	12.8	17.6	14.6	+ 14	- 17
Potatoes	1 lb.	2.5	3.4	4.1	4.1	+ 21	0	1 lb.	1.2	1.8	2.1	2.2	+ 22	+ 5
Apples	1 lb.	5.5	6.7	10.6	10.2	+ 52	- 4	1 lb.	1.9	2.6	4.3	4.7	+ 81	+ 9
Lamb products	1 lb. prin. lamb cuts	27.2	35.4	35.9	35.7	+ 1	- 1	2.16 lb. live lamb	16.2	26.0	26.4	25.7	- 1	- 3
Sweetpotatoes	1 lb.	4.4	5.2	8.3	8.9	+ 71	+ 7	1 lb.	1.5	1.9	3.6	3.2	+ 68	- 11
Rye bread	1 lb.	9.1	9.2	9.6	9.6	+ 4	0	0.39 lb. rye & 0.64 lb. wheat	1.3	1.5	2.1	2.2	+ 47	+ 5
Whole wheat bread	1 lb.	9.3	10.0	10.2	10.2	+ 2	0	0.92 lb. wheat	1.3	1.6	2.1	2.1	+ 31	0
Macaroni	1 lb.	15.0	14.1	15.6	15.6	+ 11	0	1.72 lb. durum wheat	2.3	2.7	3.6	3.7	+ 37	+ 3
Soda crackers	1 lb.	16.9	16.6	18.5	18.7	+ 13	+ 1	1.085 lb. wheat	1.5	1.9	2.4	2.5	+ 32	+ 4
Peanut butter	1 lb.	19.3	29.0	33.4	31.0	+ 7	- 7	1.73 lb. peanuts	6.1	10.3	12.2	12.3	+ 19	+ 1
58 foods combined:	Annual family consumption	\$32	\$18	\$40	\$40	+ 5	0	Annual family consumption	\$141	\$227	\$256	\$256	+ 13	0

Retail prices are 51-city averages as published by the United States Bureau of Labor Statistics - Farm values are calculated from U. S. average

2/ Preliminary. 3/ Less than 0.5 percent.

Table 5.- Price spreads between the farmer and the consumer - food products, margins, and farm value as percentage of retail price, November 1943

Commodity	Retail unit	Margin		Percentage : change to : Nov. 1943 from:-		Farm value as percent- age of retail price	
		Cents		Cents		Percent	
		Nov. : 1942	Oct. : 1943	Nov. : 1942	Oct. : 1943	Nov. : 1942	Oct. : 1943
		1935-39: average:	Nov. : 1943	Nov. : 1942	Oct. : 1943	1935-39: average:	Nov. : 1943
		Cents	Cents	Percent	Percent	Percent	Percent
Pork products	1 lb. prin. pork products	9.6	4.8	2.4	4.5	- 6	÷ 88
Dairy products	100 lb. milk equiv.	178.0	186.7	2/162.0	1/159.2	-15	- 2
Hens	1 lb.	15.2	20.9	16.8	17.0	-19	÷ 1
Eggs	1 doz.	14.3	20.1	22.0	20.3	÷ 1	- 8
White flour	1 lb.	2.5	3.0	3.1	3.1	÷ 3	0
White bread	1 lb.	6.9	6.9	6.6	6.6	- 4	0
Corn meal	1 lb.	3.2	3.1	3.0	3.1	0	÷ 3
Rolled oats	1 lb.	5.5	6.3	4.6	4.5	-29	- 2
Corn flakes	8-oz. pkg.	6.2	5.3	4.2	4.2	-21	0
Wheat cereal	28-oz. pkg.	21.4	20.5	18.9	18.6	- 9	- 2
Rice	1 lb.	5.7	7.7	7.0	6.7	-13	- 4
Navy beans	1 lb.	3.4	4.1	4.2	4.4	÷ 7	÷ 5
Oranges	1 lb.	22.2	32.2	34.2	31.1	- 3	- 9
Potatoes	1 lb.	1.3	1.6	2.0	1.9	÷19	- 5
Apples	1 lb.	3.6	4.1	6.3	5.5	÷34	- 13
Lamb products	1 lb. prin. lamb cuts	11.0	9.4	9.5	10.0	÷ 6	÷ 5
Sweetpotatoes	1 lb.	2.9	3.3	4.7	5.7	÷73	÷ 21
Rye bread	1 lb.	7.8	7.7	7.5	7.4	- 4	- 1
Whole wheat bread	1 lb.	8.0	8.4	8.1	8.1	- 4	0
Macaroni	1 lb.	12.7	11.4	12.0	11.9	÷ 4	- 1
Soda crackers	1 lb.	15.4	14.7	16.1	16.2	÷10	÷ 1
Peanut butter	1 lb.	13.2	18.7	21.2	18.7	0	- 12
58 foods combined	Annual family consumption	\$ 191	\$191	\$184	\$184	- 4	0
						42	54
						92	58

Table 6.- Indexes of consumer income and of hourly earnings in marketing,
1935-39 = 100

Year and month	Nonagri- : cultural : income : payments : 1/		Monthly : earnings : per em- : ployed : factory : worker 2/		Hourly earnings in marketing : enterprises			
					Class I : steam : railways : 3/	Food : processing : 4/	Food : marketing : 5/	Cotton : pro- : cessing : 4/
1929	122		118		93	-	-	-
1935-39 average...	100		100		100	100	100	100
1940	115		111		105	110	105	106
1941	137		132		106	116	110	119
1942	169		166		119	128	120	139
1942 - Oct.	179		176		118	130	122	148
Nov.	184		181		121	131	123	149
Dec.	188		183		120	133	122	149
1943 - Jan.	192		184		120	134	126	150
Feb.	195		187		123	135	127	150
Mar.	197		190		119	136	127	151
Apr.	200		193		120	136	128	151
May	202		196		120	139	129	152
June	205		196		119	140	130	152
July	208		194		119	140	130	152
Aug.	6/209		6/197		120	140	131	151
Sept.	6/211		6/201		121	139	132	154
Oct.	7/214		7/204					

1/ United States Department of Commerce estimates. Adjusted for seasonal variation.

Revised series. 2/Prepared in the Bureau of Agricultural Economics from data of the United States Bureau of Labor Statistics, adjusted for seasonal variation.

3/ Compiled from data published by the Interstate Commerce Commission.

4/ United States Bureau of Labor Statistics. 5/Weighted composite of earnings in steam railways, food processing wholesaling and retailing. 6/Revised.

7/ Preliminary estimates.

Table 7.- Cottonseed: Farm-to-mill sales price spreads and relative product values

Year beginning Aug. 1	Value of: Farm : products: price: Actual: as percent- : per ton : per : margin: age of : of seed : ton : : product : 1/ : 2/ : : value : Dolls. Dolls. Dolls. Percent		Farm value : as percent- : age of : product : value : Percent		Percentage of product value attributed to -			
					Crude : oil : Percent	Cake : and : meal : Percent	Hulls : Percent	Linters : Percent
1935-39 average:	40.21	25.29	14.92	62.9	55.4	29.2	4.6	10.8
1941	65.04	47.65	17.39	73.3	58.2	25.9	3.0	12.9
1942	66.24	45.60	20.64	68.8	59.7	24.5	3.2	12.6
1943 - July....	66.68	45.36	21.32	68.0	59.2	24.8	3.4	12.6
Sept. 3/ :	71.21	50.60	20.61	71.1	55.5	29.2	3.5	11.8
Oct. 3/ :	71.21	51.78	19.43	72.7	55.5	29.2	3.5	11.8
Nov. 3/ :	71.21	52.18	19.04	73.3	55.5	29.5	3.5	11.8

1/ Mill product values on the basis of values reported for each season by the U.S. Bureau of the Census; interpolated and extrapolated by monthly wholesale market prices of the products. 2/The monthly farm price is a weighted average of monthly prices received by farmers including several earlier months of farm sale to represent actual payment to farmers for seed crushed each month. 3/Preliminary.

Table 8.- Farm products: Indexes of prices at several levels of marketing, 1935-39 = 100

Year and month	Foods			Fibre			Whole-			Prices paid by farm-ers
	Cost of living: city fa-milies: 1/	Retail: prices: all foods: 1/	Whole-sale: prices: 2/	Farm: prices: of foods: 3/	Retail: prices: cloth-ing: 1/	Whole-sale: prices: textile: pro-ducts: 2/	Farm: prices: cotton: and wool: 4/	sale: prices: of all farm: pro-ducts: 2/	Farm: prices: of all pro-ducts: 3/	
1913	71	80	81	95	69	81	111	94	95	81
1914	72	82	82	97	70	77	97	94	95	80
1916	78	91	96	110	78	99	131	111	111	100
1918	108	134	151	174	128	193	281	195	190	141
1920	143	169	174	193	201	232	282	198	199	162
1929	122	132	126	138	115	127	167	138	137	123
1932	98	86	77	62	91	77	55	63	61	86
1935	98	100	106	98	97	100	109	104	102	100
1936	99	101	104	108	98	101	114	106	107	100
1937	103	105	108	113	103	107	111	114	114	105
1938	101	98	93	92	102	94	81	90	89	98
1939	99	95	89	89	100	98	85	86	88	97
1940	100	97	90	94	102	104	97	89	92	99
1941	105	105	105	116	106	119	131	108	115	105
1942	116	124	126	148	124	136	178	139	148	122
1939 - Aug.:	-	94	85	85	-	96	85	80	83	96
Sept.:	101	98	95	95	100	101	91	90	92	98
1942 - Nov.:	120	131	131	161	126	137	184	145	158	125
Dec.:	120	133	132	166	126	137	187	150	170	125
1943 - Jan.:	121	133	133	170	126	137	189	154	174	127
Feb.:	121	134	134	174	126	137	188	157	171	129
Mar.:	123	137	136	182	128	137	191	162	173	129
Apr.:	124	141	137	185	128	137	192	163	175	130
May:	125	143	140	185	128	137	192	165	176	131
June:	125	142	139	184	128	137	192	166	179	132
July:	124	139	136	181	129	137	189	165	174	133
Aug.:	123	137	134	181	129	137	190	163	179	133
Sept.:	124	137	133	181	132	137	193	162	179	133
Oct.:	124	138	133	182	133	137	193	161	180	133
Nov.:	124	137	134	182	133	138	186	160	181	134

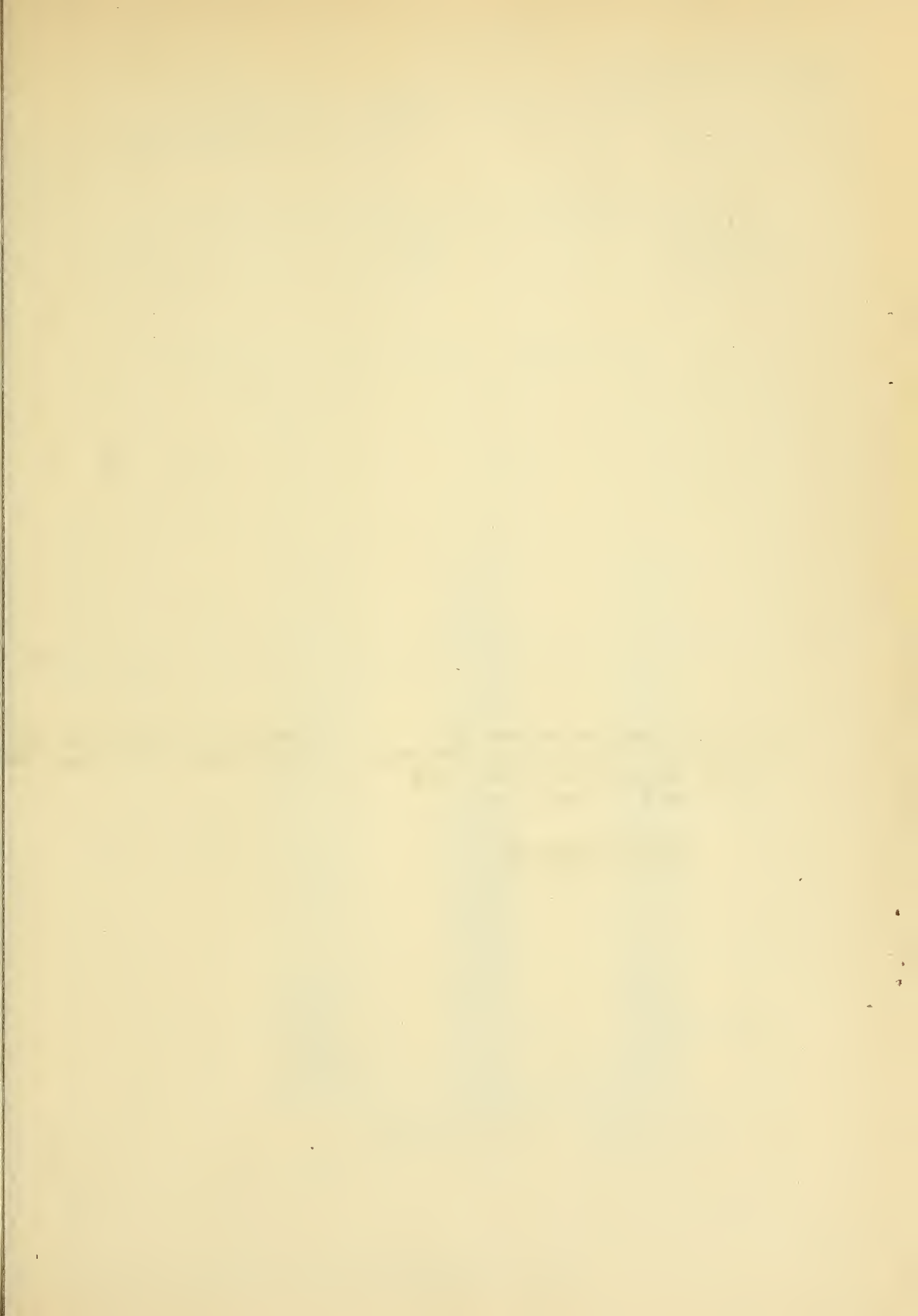
1/ From "Changes in Cost of Living" Bureau of Labor Statistics.

2/ Calculated from figures of the Bureau of Labor Statistics.

3/ Based on figures published by the United States Department of Agriculture.

4/ Cotton and wool prices weighted by production in the period 1935-39.

5/ Revised.



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